Message Text

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INFO OCT-01 EA-10 IO-13 ISO-00 FEA-01 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15 STR-05 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 //099 W

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P 120840Z SEP 77 FM AMEMBASSY MANILA TO SECSTATE WASHDC PRIORITY 5004 AMEMBASSY TOKYO PRIORITY USMISSION GENEVA

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USMTN

TOKYO FOR HEGINBOTHAM

PASS STR

E.O. 11652: GDS

TAGS: ETRD, MTN, US, RP

SUBJECT: US-RP ECONOMIC "PRE-NEGOTIATION CONSULTATIONS"

REF: (A) MANILA 14097, (B) MANILA 14311

1. AFTER CONSULTATIONS REPORTED REFTEL B, AMBASSADOR VEGA PROVIDED EMBASSY OFFICER WITH A LIST OF TRADE ITEMS WHICH GOP WISHES TO BE CONSIDERED IN CONTEXT OF BILATERAL ECONOMIC NEGOTIATIONS. LIST CONTAINS 23 ITEMS AND INCLUDES BOTH ITEMS WHICH SHOULD BE ADDED TO GSP LIST AND ITEMS WHICH GOP WISHES EXEMPTED FROM COMPETITIVE-NEED PROVISION. COPIES OF THE LIST ARE BEING AIR POUCHED TO KOPP, OFFICE OF TRADE, STATE (INCLUDING COPY FOR LANDE, STR) AND TO PHILIPPINE DESK FOR APPROPRIATE DISTRIBUTION. GOP OFFICIALS HAVE BEEN TOLD THAT, SINCE ITEMS CONFIDENTIAL

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CONSIDERED FOR GSP MUST IN ANY CASE PASS THROUGH REVIEW PROCESS, THESE LISTED ITEMS SHOULD BE SUBMITTED FOR GSP REVIEW, ALONG WITH OTHERS WHICH THEY MIGHT HAVE, PRIOR TO OCTOBER 3 DEADLINE.

2. PHILIPPINE PANEL ALSO PROVIDED DRAFT MINUTES OF DISCUSSIONS.U.S. SIDE HAS RE-WRITTEN DRAFT TO REFLECT U.S.

POSITION MORE PRECISELY AND COMPLETELY AND TO INCLUDE DE-TAILS OF DISCUSSIONS ON TRADE ISSUES. PHILIPPINE DRAFT CONTAINED FOLLOWING STATEMENT CONCERNING PHILIPPINE PRO-POSAL OFFERING THE POSSIBILITY OF GRANTING "NON-DISCRIMI-NATORY TREATMENT" TO CERTAIN SECTORS OF INDUSTRY WITHIN THE FRAMEWORK OF EXISTING (PHILIPPINE) LAW: "THE U.S. TEAM VIEWED THE LATEST POSITION OF THE PHILIPPINE PANEL AS A STARTING POINT IN RESOLVING THE IMPASSE ON INVEST-MENTS." THIS LANGUAGE WAS NOT REPEAT NOT INCLUDED IN U.S. DRAFT SINCE IT OVERSTATED U.S. RESPONSE TO PHILIPPINE PROPOSAL ON INVESTMENT. AS REFTEL B STATES, U.S. SIDE "INVITED GOP TO COMMUNICATE THE SPECIFICS OF THIS PRO-POSAL IN ORDER TO JUDGE WHETHER IT MAY PROVIDE A STARTING POINT TO RESOLVE THE IMPASSE ON INVESTMENTS." AMBASSADOR VEGA STATED THAT THIS WAS NOT REPEAT NOT VERY FORTHCOMING AND THAT HIS PANEL WOULD NOT REPEAT NOT CONSIDER U.S. RE-ACTION AS SUFFICIENT INCENTIVE FOR GOP TO FOLLOW-UP ON HIS "CONCEPTUAL" SUGGESTION. HE ADDED THAT IF HE HAD REALIZED THAT U.S. RESPONSE WAS NO MORE POSITIVE THAN THIS HE WOULD HAVE WITHDRAWN HIS PROPOSAL SINCE "NOT ONE MEMBER OF HIS PANEL" WAS ENTHUSIASTIC ABOUT ANY DE-PARTURE FROM MFN TREATMENT FOR INVESTMENTS, VEGA ASKED THAT THIS ISSUE BE BROUGHT TO ATTENTION OF HEAD OF U.S. DELEGATION HEGINBOTHAM FOR HIS COMMENT. AND EMBASSY OFFICERS PROMISED TO DO SO.

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3. COMMENT: WE DOUBT WE WILL BE ABLE TO PRODUCE "AGREED MINUTES" OF DISCUSSIONS, BUT U.S. AND PHILIPPINE DRAFT MINUTES WILL, NEVERTHELESS, SERVE AS A RECORD OF PROCEEDINGS. COPIES OF THE TWO DRAFTS ARE BEING SENT TO PHILIPPINE DESK FOR DISTRIBUTION TO INTERESTED PARTIES.

4. VEGA IS CLEARLY TRYING TO KEEP OPEN POSSIBILITY FOR FURTHER TALKS, AND BY HIS OWN ADMISSION HE DOES NOT RE PEAT NOT HAVE MANY ALLIES IN GOP, ESPECIALLY ON ISSUE OF MODIFYING GOP POSITION THAT INVESTMENTS MUST RECEIVE STRICT MFN TREATMENT. END COMMENT. STULL

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